DOCUMENT RESUME

ED 168 431 HE 011 136

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TITLE The Impact of Federal Funds on Higher Education.
PUB DATE 22 Jun 78
NOTE 21p.

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Bureaucracy; *Federal Aid; *Federal Regulation; Financial Support; Government Role; *Government School Relationship; *Higher Education; *Institutional Autonomy; Research Projects; *Student Financial Aid
IDENTIFIERS National Endowment for the Humanities; National Science Foundation

ABSTRACT

The various sources of federal funds and the subsequent problems in conforming to federal rules and regulations are considered. The actual U.S. funds for higher education for fiscal year 1978 and current federal programs dealing with financial aid to students are listed. One of the major problems in the administration of federal student aid dollars is shown to be the existence of inequities in the amount of money going to college campuses and to individual students, and inequities between the distribution of funds to two-year institutions as opposed to four-year institutions. Recently proposed federal regulations intended to eliminate fraud and abuse in student aid programs have been perceived by some college officials as unnecessary government intrusion into their affairs and an addition to the already overburdening paperwork. It is noted that the federal government as a main support for research to the academic professions in America sets the trends in research at institutions of higher education and has recently gotten into the business of regulating the research that it finances. Two of the agencies the federal government has established that significantly influence the workings of higher education are the National Endowment for the Humanities and the National Science Foundation. Problems in cutting federal red tape and proposed changes for improving the federal/higher education relationship are addressed. (SW)

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The Impact of Federal Funds on Higher Education

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June 22, 1978

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Few people working in the area of higher education have been fortunate enough to escape the repressive effects of federal rules and regulations. The problems that colleges and universities encounter while conforming to vague and often conflicting government regulations have become a major obstacle and irritant. Federal rules have become so costly and intrusive that many educators are starting to look at the federal government as "the enemy" rather than as a friend.

The American Council on Education recently found that colleges and universities are spending between 1% and 4% of their operating budgets in complying with federal regulations. Government subsidies intended to cover these costs come nowhere near meeting the actual expenses - so say college and university officials.

Things must be bad. Last year Brigham Young University announced that it would refuse to comply with federal affirmative-action regulations. Recently, both Yale and Stanford Universities said that they might turn down federal monies rather than go along with certain requirements.

The great majority of these regulations follow federal money. If the regulations are not followed by an institution, then supposedly the federal funds are turned off.

This artice will consider the various sources of federal funds and the subsequent problems accompanying those funds. Federal regulations such as affirmative action and the Buckley Amendment which are not directly tied to federal funding will not be treated here.

The Quantity of Federal Funds

Without question there has been a trend toward an increased federal responsibility for higher education, especially within the last 30 years. Federal monies for higher education have also increased proportionally.

Below are listed the actual U.S. funds for Higher Education for fiscal 1978:

Office of Education	
Student Assistance	$ 3,521,727,000
Institutional Assistance	198,750,000
College Personnel Development	8,500,000
Library Resources	25,475,000
Education Professions Development	37,500,000
Postsecondary Vocational Education	107,567,000
Women's Educational Equity	8,085,000
Postsecondary Programs for the Handicapped	88,000,000
Other H.E.W. Programs	
National Institute of Education	89,600,000
Fund for Improvement of Post-secondary Education	12,000,000
Center for Education Statistics	13,940,000
Alcohol and Drug Abuse Grants	263,965,000
Maternal and Child Research	364,656,000
Health Resources Administration	874,826,000
National Institutes of Health (Biomedical Research)	2,742,212,000
Social Security Survivors (Educational Benefits)	1,338,000,000

Programs of Other Agencies

Veterans Education and Training	2,316,000,000
National Foundation on the Arts and Humanities	245,800,000
National Science Foundation	862,908,201
	$13,119,511,201

The above expenditures approximate 13 billion dollars. Only the major expenditures for Higher Education have been listed. It should be pointed out that those programs not directly related to higher education have not been listed. These are too numerous to mention - Peace Corps, Sea-Grant Program, Reserve Officer Training, Agricultural Research, Corporation for Public Broadcasting, etc., etc. Obviously, the overall expenditures for Higher Education greatly exceed 13 billion dollars per year and the exact figure is difficult to determine.

Federal Financial Aid to Students

Student financial aid is by far the largest component of federal support for higher education and indications are that it will continue to be in the near future. Student aid makes up 90 percent of the higher education funds managed by the Office of Education. Below are listed the current federal programs dealing with financial aid to students:

1. Basic Educational Opportunity Grants
2. College Work Study Program
3. Federally Insured Student Loans
4. Health Professions
5. Law Enforcement Educational Programs - Loans/Grants

6. National Direct Student Loan Program*
7. Nursing Loans/Scholarship
8. Supplement Educational Opportunity Grants*
9. Indian Scholarship
10. Cuban Loan

*Campus based programs

One of the major problems in the administration of federal student aid dollars is that great inequities exist in the amount of money going to college campuses and to individual students. A recent survey by the Consortium for Financing Higher Education found that the amount of money received by four-year private institutions with similar costs and student populations varied from almost $500 per student to only $60 per student.

College financial aid officers say that the reason for the inequities is that the process of receiving and dispursing student aid is a delicate and highly political game. Those that learn how to play the game well apparently come out on top.

Although federal regulations are designed to get the funds to the most needy students, federal formulas are so complex and filled with loopholes that the money is rarely distributed equitably.

Each state's share of the "campus based" programs is distributed according to how well each institution can prove its students need under the federal formulas. If the financial aid officers understand how the system works and know how to play the game, they take home a greater share of the funds than those who do not. For example, some financial aid officers

have learned that if you over-estimate the number of students who will apply for financial aid, even though your request will be cut back, you will generally be funded at a higher rate than if you honestly estimated your need.

Financial aid offices differ greatly both in the number and type of personnel they employ and in the support that they enjoy from their respective school administrations. State university financial aid offices may have numerous technical assistants in the office plus the aid of computers, whereas private, smaller institutions often employ people only on a part-time basis. It is easy to see that the larger, more sophisticated offices have a definite advantage in receiving and distributing student aid monies.

Another problem in this same area is the inequities that exist between the distribution of funds to two-year institutions as opposed to four-year institutions. While two-year colleges, both private and public, receive less than 16 percent of the campus-based funds, they enroll over 25 percent of all full-time students and over 53 percent of all first-time, full-time freshmen from families with incomes of less that $10,000. Therefore, while community colleges have a greater percentage of students eligible for basic grants than do four-year institutions, they have a considerably lower percentage of students actually participating in the program.

Apparently many two-year institutions merely do not apply for participation in the campus-based programs and those that do participate seem to be asking for less money than their

students actually need. Much of the blame for this lack of participation rests with the community colleges themselves. However, a major reason for under-participation is due to a lack of skilled financial aid officers who know the ins and outs of the financial aid game.

A generally accepted estimate of the appropriate staff size for a community college serving 10,000 students would be ten professional and clerical personnel with eight half-time student assistants. Some argue that Congress should accompany student aid funds with a program of support to see that these funds are properly managed.

Very recently new federal regulations intended to eliminate fraud and abuse in student-aid programs have been proposed. One provision, for example, would require institutions to report retention rates for all students enrolled in all programs over the past three years. Another would have colleges publish a "laundry list" of consumer services to be offered to students including all information on student aid programs, descriptions of student rights under these programs, information about the institutions academic programs and their costs, etc.

College officials generally feel that this is yet another example of unnecessary government intrusion into their affairs. They also predict that the new rules would add to the already overburdening paperwork they must handle each day. It will be interesting to see what the government does in response to these complaints.

Federal Research Programs

The academic professions in America have depended greatly on Federal Grants and contracts to conduct research. For example, during 1963-64, just over $2.2 billion, or 28.6 percent of the total income received by all institutions of higher education, was spent on sponsored research and development in the science and engineering fields alone. And over one-third of all faculty in senior colleges and universities were principle investigators supported by grants during the 1972-73 year. Certainly then, government research monies greatly affect institutions of higher education.

The federal government through its research funds and programs sets the trends in research going on in institutions of higher education. There are many areas of research that are of little interest to the government and for which few funds are available. This is especially true in the social sciences and the humanities. Universities as a result are forced to depend upon internal funds for research in these important but neglected fields.

Even in the sciences and technologies, where considerable funds are available, research involving long-shots or drastically different concepts suffer in comparison to more "acceptable" proposals concerning the immediate needs of the country. At the present time, for example, research intended to aid in a cure for cancer is given unequaled consideration by the government. However, reflecting on the history of science, we find that many revolutionary scientific breakthroughs were not con-

ventional, applied research attempts, but rather, pure research involving untraditional concepts or techniques. A scientist's motivation to search for truth is little understood or appreciated in terms of federal dollars for research.

One of the criteria that government agencies are forced to apply in judging the merits of a research proposal is the stature and reputation of the person who will lead the work. Therefore, young men and women who have not yet established their reputations as researchers are discriminated against by federal agencies and must therefore seek funds elsewhere. This practice obviously will have an effect on the research carried out over long periods of time as well as on the professional growth of our researchers.

The impact of federal research funds on college and university operations is quite significant. When a school receives research or grant money from sources outside the state, an economic incentive results. These funds are first allocated in support of the particular research. These allocations may include monies for such items as salaries, equipment and travel allowances.

This primary allocation then starts a chain of spending which is felt throughout the state's economy. This chain reaction of spending is known as the "multiplier effect" of the grant monies. For example, the travel area of the state's economy would be given an economic boost and this in turn would influence the sale of fuels, food, lodging, etc.

In other words, funds moving through a university have an economic effect far greater than that felt by the university alone. It has been shown that in the State of Washington $7.3 million in external research funds generated $9.3 million of gross product in the state and the equivalent of 560 full-time jobs. It is no wonder then, why there is such stiff competition for federal funds for research.

The federal government has recently gotten into the business of regulating the research that it finances. Recombinant DNA research, where the genetic material from one organism is implanted into another species, is the target for regulation. Apparently, the new combination of genes in the recipient could lead to the creation of new pathogens capable of resisting control. As a result, in 1976, the National Institute of Health wrote guidelines for the conduct of DNA research.

These new regulations have created a new debate which is sure to influence those universities carrying on such research. Some feel that government interference in scientific research is hazardous and that scientists should decide whether and how certain types of research should be conducted. Others stress that government has the right to regulate research that it finances and that the public can not afford to leave genetic decisions to groups of scientists.

Hopefully, a compromise will be reached where scientists will be given the freedom to decide what research to undertake, subject only to safeguards set by the government with the aid of the scientific community.

A growing problem in the area of federally financed research is in protecting the privacy of the reseacher and the research institution. For example, a Harvard University economist was recently subpoenaed "to produce all field notes and to appear as a witness" in a civil case involving a company he had studied during research on decision-making by public utilities.

The American Political Science Association recently studied this problem and concluded that some legal immunity is needed for researchers, to protect their records and their research subjects from judicial and government intervention. "Compelled disclosure of confidential information would, without question, severely stifle research into questions of public policy, the very subjects in which public interest is greatest," said Judge Charles B. Renfew of a U.S. District Court.

Government policy will soon be set after the Privacy Protection Study Commission reports to the Congress and the President on how it believes the Federal Privacy Act of 1974 should be modified to guarantee greater privacy to researchers and their subjects.

Independent Federal Foundations

The federal government has established several independent agencies whose mandates cause them to significantly influence the workings of higher education. Two of these agencies are the National Endowment for the Humanities and the National Science Foundation.

The National Endowment for the Humanities (NEH) came into existence in 1965 and was mandated to serve all areas and levels of humanistic study in the United States. Many of its programs and much of its funding, however, go to higher educational institutions and to those who teach there - for the purpose of improving instruction and of making more effective use of resources in the humanities.

The Endowment has four divisions - the public programs division, the research grants division, the fellowships divisions, and the division of educational programs. Its funds for fiscal 1977 amount to over $180 million. During its brief existence the NEH has had a significant effect on the humanities and there is every indication that its effect will grow.

Under a new program of grants just begun by the NEH, scholarly presses may apply for funds to reduce the deficits often incurred by the publication of profound humanities research. University presses welcome the possibility that federal subsidies will help to absorb the deficits that the publication of scholarly books often create. With this new program the National Endowment for the Humanities will undoubtedly increase the dissemination of scholarly knowledge; vital knowledge which otherwise may not find publication.

The National Science Foundation is an independent federal agency for the support of academic basic research. It also is deeply involved in assistance to undergraduate and graduate education, improvement of research, and the impact of science on society. It has an annual budget this year of $863 million.

The impact of the N.S.F. in the area of the sciences in higher education is tremendous. The N.S.F. not only sets trends in the conduct of basic research, but also greatly influences science education curriculum as well as the financial support given to students of sciences.

A brief glance at the Foundation's priorities for the next few years gives one an idea of the influence it has - provide research positions for newly graduated scientists; collaborate research between universities and industry; support applied research to fulfill the nations needs; support international scientific cooperation; educate the student not oriented in science; etc. The funds that enter higher education greatly influence the functioning of those institutions as well as society in general. More specifically, N.S.F. funds set trends which higher education has learned to respond to.

Federal Red Tape

For the past several years, educators have remained busy definding their institutions against one federal regulation after another. Regulations on affirmative action, veterans benefits, research projects, rights of privacy, and so forth.

At the same time the educational community has turned increasingly to Washington, as have other segments of our society, to solve our problems. As a result most American colleges and universities have become altogether dependent on a flow of funds from the federal government. And with that flow of cash comes attached strings - governmental regulations and red tape.

The 30 year relationship between academia and Washington, which began with grants, scholarships, and fellowships during World War II and grew during the Sputnik era - is coming to an end.

Where once educators supported any reasonable idea for new federal programs, they are now more cautious of growing federalism. They now desire a decrease in the myriad of forms, regulations, and reports required by the bureaucracy in the public interest.

Surprisingly, most officials in Washington are just as frustrated by the giant federal machinery; they also would like to cut the red tape - but there are problems:

(a) No one wants to reduce his/her own authority, responsibility, or staff.

(b) Government has an inertia generated by its own size and complexity - therefore programs snowball.

(c) There is no federal policy on post-secondary education.

(d) There is a rapid turnover of senior officials in Washington.

(e) Many federal laws have been passed with little or no discussion of how they might affect education.

(f) Government has become so complex that no single person can push the magic button to stop its self-proliferation.

(g) Higher education has found it easier to support the creation of something new rather than the abolition of something old.

(e) We do not have a single department of education to coordinate all federal effort in this area but rather a myriad of agencies.

A recent Library of Congress survey tried to determine just how many federal programs touch post-secondary education. It identified 439 separate statutory authorities affecting post-secondary education. They varied from small authorities granting fellowships to large programs consuming hundreds of millions of dollars. Of this vast number of authorities, 35 are outside of the U.S. Office of Education.

What is perhaps more astounding is the fact that 18 of the 22 standing committees of the House and 16 of the 18 Senate committees are involved in the decision-making concerning post-secondary education. Seventy subcommittees of the House and Senate are also involved. Of course, this vast number of committees relates directly to the increase in federal red tape.

Another cause of the proliferation of red tape is that too often Congress produces well-intentioned bills that are written in such vague terms that no one can manage the funds without complicated regulations. These laws are often the result of compromise among the branches of government or members of Congress. Vague phraseology is often politically expedient in passing bills - specific wording often breaks down coalitions of members who support a program.

It is also common for congressmen to avoid hot political stands and by default leave the controversial task to the executive branch. This often results in regulations which have eluded the congressional intent.

Unfortunately the civil servants who are forced to write specific regulations for a vague but well-intended bill lack

experience in academic matters. In addition, they must issue regulations not merely for a single institution but for a diversity of institutions with different goals, practices and traditions. Such rule making frequently results in unintended mistakes and unnecessary red tape.

Improving the Relationships Between the Federal Government and Higher Education

Selective aid at the federal level, has been and can be a major force in moving higher education in the direction of national priorities. In the past, through action in the form of aid, the federal government motivated our colleges and universities to make considerable gains in the areas of agriculture, scientific research, and graduate education. Today, the federal government can use its initiative to move higher education to (1) increase the equality of educational opportunity for all Americans, (2) expand the supply of qualified health professionals, (3) encourage graduate education in needy areas and (4) promote desirable innovation and reform.

These and other needed priorities can and will be accomplished only if a desirable relationship exists between the federal government and higher education. Areas of major conflict must be pinpointed and practical ways must be found to resolve these conflicts.

Below are listed several proposed changes in the federal government/higher education relationship which may help solve the current problems:

1. The U.S. Congress should set a general federal policy regarding its relationship to higher education. At times the federal government deals directly with students, at other times it deals with institutions, and at still other times it deals directly with the states.

2. Streamlining is needed in the U.S. Office of Education. For example, a single "Bureau of Student Financial Assistance" should be created - this has recently been proposed by the H.E.W. This bureau should handle all student aid programs which are now scattered in various federal agencies.

3. It must be made clear to federal agencies that institutions of higher education cannot respond in the same way a business enterprise does to federal regulations. They cannot pass on the additional costs of doing business to anyone except their students or by drawing down their endowments. Federal regulations should be written with this in mind - perhaps federal funds should be supplied to the colleges for administering federal programs.

4. The Department of Health, Education and Welfare should issue "notices of intent" to tell the public when it is considering issuing regulations which will affect them. This would give institutions of higher education a chance to respond to regulations which may impose hardships on them.

5. Higher education should organize itself to deal with government on specific programs. College and universities should accept and deal with the fact that there will inevitably be an alliance between government and higher education.

6. The states have been given, under the Constitution, the fundamental responsibility for public education. Colleges should not look to the federal government to satisfy their basic needs. It is inconsistent for colleges to howl about federal regulations, while sending lobbyists to Washington to seek new and greater federal funding.

There is no question that federal programs have, in general, aided higher education in numerous areas. Student financial assistance and scientific research are two of these areas.

Higher education must also concede that it rightfully should take part in federal programs intended to promote

desirable social reform - such as affirmative action and equal opportunities for all students.

The relationship between the federal government and higher education should be identified, strengthened and streamlined.

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